

HS Hyosung Advanced Materials Corp.

Supplier Greenhouse Gas Reduction Guidelines



Sustainability Management Team
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01. PURPOSE

Greenhouse gas emissions and climate change are among the greatest challenges of our time. HS Hyosung Advanced Materials (hereinafter referred to as "the Company") recognizes the importance of transitioning to a low-carbon economy and understands that a safe and clean environment is essential for the ultimate well-being of life. In addressing these challenges, the Company expects our suppliers to join us on our journey toward the goals of the UNFCCC Paris Agreement and contribute to reducing greenhouse gas emissions.

All the suppliers companies shall protect the environment in accordance with the Company's "Supplier Code of Conduct" and strive to minimize the environmental footprint from industrial activities, including the supply chain, to reduce negative impacts. Furthermore, through this guideline, the Company hope our suppliers will quantify their greenhouse gas emissions, set reduction targets, and adapt in line with the transition toward a carbon-neutral future. This guideline can also be integrated into the entire value chain for shared promotion and encouragement.

02. DEFINITION OF TERMS

01) Supplier

"Supplier" refer to all companies that provide goods and/or services to the Company, including parent companies, subsidiaries, affiliates, their employees, and agents.

02) Employee

"Employee," as used throughout this guideline, refers to anyone working for or on behalf of a supplier, including full-time and part-time employees, consultants, contractors, trainees, temporary workers, migrant workers, senior management, and board members.

03) Guideline

"Guideline" refers to the set of directions provided by the Company to help suppliers enhance its activities related to climate change performance and impact within the

scope of the "Supplier Code of Conduct"

03. SCOPE OF APPLICATION

It applies to all employees and suppliers.

04. GUIDANCE

01) Establishment of Greenhouse Gas Inventory

A Greenhouse Gas (hereinafter referred "GHG") inventory is a list of emissions by source, involving the identification, recording, management, calculation, and reporting of all GHG emitted as a result of the Company's activities. Suppliers shall establish a GHG inventory to set and implement GHG reduction targets. After building the GHG inventory in phases, they should set interim and final goals and develop specific annual reduction measures and methods to achieve those targets.

(1) Establishment of GHG Inventory for Business Sites

A system for measuring and managing energy consumption and GHG emissions is established, with continuous efforts to reduce them. In particular, GHG emissions at business sites are actively considered when making new investments (such as expansion or relocation). To achieve GHG reduction targets, a comprehensive response system for business sites is built, including organization, planning, procedures, and monitoring.

(2) Establishment of an Environmental Impact Assessment Inventory for Product Life Cycle

From raw material extraction to processing, manufacturing, distribution, use, repair and maintenance, final disposal, or recycling, suppliers assess the environmental impact throughout the entire life cycle of their products and strive to minimize negative impacts. Additionally, environmental impacts at each stage of the life cycle are considered from the development phase onward.

02) GHG Reduction for Business Sites

Suppliers develop and implement GHG reduction plans to reduce emissions from production sites, offices, research facilities, and transportation facilities. These plans include improving energy efficiency at business sites, optimizing production processes, and increasing the use of renewable energy.

(1) Establishment of an Eco-Friendly Production System and Continuous Improvement of Environmental Management Infrastructure

- ① Suppliers establish an eco-friendly production system by systematically operating their production sites through obtaining ISO certification, an international standard for "climate change response," and by enhancing eco-friendly utilities. They also provide continuous training to raise employee awareness of climate change.
- ② Suppliers make every effort to improve energy efficiency at business sites, expand the use of renewable energy (such as solar power), and enhance the working environment.
- ③ For new investments, suppliers consider the use of high-efficiency equipment to improve energy efficiency and expand the use of renewable energy (such as solar power). Suppliers continuously promote innovative activities to reduce carbon emissions.

(2) Continuous Efforts to Minimize Environmental Impact

- ① Suppliers continuously explore ideas to reduce the use of natural resources in production, lowering dependence on them and minimizing the negative impacts of extraction and drilling. Additionally, suppliers seek to improve the efficiency of input resources, such as reducing packaging materials.
- ② Suppliers minimize waste generated during production, manage it under strict control standards, and dispose of it in compliance with legal requirements.

03) GHG Reduction throughout the Product Life Cycle

Suppliers actively engage in GHG reduction activities throughout the entire process, from raw material procurement to development, production, and supply. Suppliers also

encourage related their suppliers within the supply chain to participate in these efforts, striving to build a low-carbon ecosystem across the entire supply chain.

04) GHG Reduction in the Transportation

Suppliers manage GHG emissions generated during the process of supplying goods and/or services to the Company. Suppliers track and manage emission data related to vehicles, fuel consumption, and transportation distances, while implementing long-term reduction activities, such as transitioning to eco-friendly transportation methods.

(1) Management and Reduction of Energy Consumption and GHG Emissions in Transportation

- ① GHG emission data generated throughout the entire logistics process shall be collected and managed.
- ② Suppliers review the overall logistics process, including efficient logistics operations, management, and inventory optimization, and make efforts to reduce energy consumption and GHG emissions during transportation.

(2) Transition to green Logistics

- ① In the long term, suppliers promote GHG reduction activities by transitioning to a green logistics system, including the adoption of green transportation methods.

05) Transparent Information Disclosure

Suppliers provide the Company with transparent and accurate information on energy consumption, GHG emissions at business sites, and the environmental impact across the entire product life cycle through various stakeholder channels.

06) Active Participation in Various Global Activities

(1) Active Interest and Involvement in Climate Change-Related Business Activities

Suppliers actively participate in various awareness-raising educational programs related to sustainability and the transition to carbon neutrality. Suppliers make continuous efforts to enhance employees' awareness of climate change and comply with environmental laws and agreements.

(2) Establishment of Governance and System Improvement

Suppliers establish systematic and efficient policies, management structures, and company-wide GHG reduction task forces (TFT) to address climate change, manage energy consumption and GHG emissions, and achieve mid- to long-term carbon neutrality goals

(3) Collaboration for promoting GHG Reduction across the entire Supply Chain

Suppliers encourage ESG collaboration among suppliers through exchange activities such as GHG knowledge-sharing sessions, environmental performance evaluations and awards, and joint research on developing low-carbon components. Suppliers review strategies for creating mutual growth and synergy, while actively engaging and encouraging the participation of second-tier suppliers.

5. RESPONSIBILITIES AND ROLES OF SUPPLIERS

All the suppliers may consider the matters outlined in this guideline in their business operations and management decision-making processes. This guideline may be regularly reviewed, supplemented, and revised to build a sustainable supply chain and is available on the Company's website.